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DPD-2454-60
4 April 1960

MEMORANDUM FOR: Comptroller, DPD

25X1A

ATTENTION :

SUBJECT : Contract No. A-102, Thompson Ramo Wooldridge Inc.
Final Billings for FY's 1957, 1958 and 1959

REFERENCE : a. Contracting Officer's ltr to RW, DPD-0098-60,
dtd 5 January 1960
b. RW's ltr to CO, DPD-1775-60, dtd 23 Feb 1960
(copy attached)
c. FIN ltr to RW, DPD-1930-60, dtd 4 March 1960

1. Reference a requested Contractor to submit final claims for FY's 1957, 1958 and 1959. Reference b forwarded Contractor's proposed method of allocation of costs for Contract No. A-102 for the above periods. Reference c, last paragraph, mentioned that no "final claims" under Contract A-102 had been received.

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2. Reference b has been reviewed by the Audit Liaison Officer and [redacted] who consider Contractor's proposed method of allocation reasonable. The undersigned concurs and the Contractor has been so notified.

3. Contractor has stated that his "final claims" will be submitted in the near future.

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[redacted]
Contracting Officer, DPD

1 Attachment:
DPD-1775-60, copy 2

DDP-DPD-CB [redacted] (29-3-60)

Distribution:

Orig - Addressee, w/att.

- 1 - Contract A-102, A&I
- 1 - Chrono, RI/DPD

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X
10/1/71
REVIEWER: 010956

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DPD-1930-60

4 March 1960

Thompson Ramo Wooldridge, Inc.
8820 Ballmann Avenue
Los Angeles 45, California

REF: Contract A-102

Dear Bill:

We have changed your invoice number 44 from a credit in the amount of \$30,527.79 to a credit of only \$30,502.23. This was done to prevent us taking credit on a suspension of \$18.26 made on invoice number 33 and also a suspension of \$7.30 made on the 1959 portion of invoice number 40. Please adjust your records accordingly.

Further, Bill, we are not in agreement on the "balance of funds available" as listed on your invoices through number 59. In most instances the differences are those amounts which we have suspended, but which you still show as having been paid. Listed below by requirements is a summary of the status of funds on the referenced contract:

<u>Description</u>	<u>Our Balance</u>	<u>Your Balance</u>	<u>Difference</u>	<u>Explanation</u>
Requirement 1, 1-A of Schedule Fiscal year 1960	<div></div>		\$4.43	Amount suspended on the Fiscal year 1960 Portion of Invoice No.40
Requirement 1, 1-B of Schedule Fiscal Year 1960			\$0.42	Suspended from Invoice No. 37
Requirement 3, 1-A of Schedule Fiscal Year 1960			\$1.68	Suspended on the 1960 Portion of Invoice No.39
Requirement 3 1-B of Schedule Fiscal Year 1960			\$2.36	Suspended from Invoice No. 38

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DFB-1930-60

<u>Description</u>	<u>Our Balance</u>	<u>Your Balance</u>	<u>Difference</u>	<u>Explanation</u>
Requirement 4, 1-A of Schedule Fiscal Year 1960			-0-	We Agree
Requirement 4, 1-B of Schedule Fiscal Year 1960			-0-	In agreement as of Invoice No. 59
Requirement 1, 1-A of Schedule Fiscal year 1959			-0-	Credit Memo No. 44 Cleared Overpayment
Requirement 1, 1-B of Schedule Fiscal year 1959			-0-	In agreement as of Invoice No. 35
Requirement 3, 1-A of Schedule Fiscal Year 1959			\$3.51	Suspended from Invoice No. 39
Requirement 3, 1-B of Schedule Fiscal Year 1959			-0-	In agreement as of Invoice No. 34
Requirement 1, Fiscal Year 1958				not listed
Requirement 1, Fiscal Year 1957				not listed

Please take into consideration all prior suspensions when listing the balance of funds on subsequent invoices. This should bring us into agreement on all periods unless it is for fiscal years 1957 and 1958. If you disagree in this area, please advise.

Incidentally, none of the invoices submitted under Contract A-102 have been marked "final claim" in accordance with Paragraph 4 (f), Payments, of the General Provisions as stated in amendment No. 3. If final claims have been submitted, please notify us as

DPD-1930-60

to the invoice applicable and your balance of funds for the period involved. (This would appear to apply to both fiscal year 1957 and 1958.)

Very truly yours,

SIGNED

Doug

Dist:

2 - Addressee

1 - Contract A-102 Finance DPD

1 - Chief, Contracts Branch, DPD

1 - Reading Finance

1 - Chrono

EL:nh/DPD-Fin/4 March 1960

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Approved For Release 2002/08/07 : CIA-RDP81B00878R000100080014-3

DDP-1775-60
COPY 1 OF 1

CMCC Doc. No. 151x5.1604

Page 1 of 2

Copy 1 of 2

23 February 1960

*Contract
A-102
T.R.W.*

Dear Dan:

In the process of preparing final vouchers for fiscal year 1957, 1958, and 1959 for Contract CDP1-2, we have developed what appears to us to be an equitable method of allocating the costs of Customer A repair and retrofit work received during these periods. You will recall that originally the contract contained no requirement for charging the costs of repairing each item to the funding period in which it was received. Thus, each fiscal period had charged to it the work received during that period as well as work still being conducted on orders received in prior periods. In 1958, the contract was amended to state that work orders received should be charged to the funds allocated for that period, notwithstanding work being performed or invoiced after the close of the period. We have so arranged our cost accounting system that beginning with 1 July 1959, costs for all customers are allocated in this manner. Because the clause was retroactive in effect, we have devised the following method for allocating these costs to fiscal 1957, 1958 and 1959:

- (a) Our Field Service and Support Department has reviewed all repair equipment shipped from our plant to Customer A between the period 1 July 1958 and 31 January 1960. This review indicates that of the 383 items shipped during that period, 20 were received in fiscal 1957, 152 in fiscal 1958, and 211 in fiscal 1959.
- (b) Our Accounting Department then apportioned the total billing value of all fiscal 1959 work according to the item distribution in paragraph (a). This resulted in the following distribution of fiscal 1959 sales.

09. MAR 24 3 42 PM '60

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	<u>Units</u>	<u>Per Cent</u>	<u>Allocated Sales</u>
Fiscal '57	20	5.3	\$ 5,553
Fiscal '58	152	39.8	41,698
Fiscal '59	211	54.9	57,517
	<hr/>	<hr/>	<hr/>
	383	100.0	\$104,768

The estimate to complete fiscal 1959 work of \$6,151 is to be considered as fiscal 1959 effort.

(c) The following schedule shows authorized funds for fiscal periods, recorded sales, funds available based on recorded sales, the allocation of fiscal '59 sales to prior periods per paragraph (b) above, and balance of funds available if the proposed allocation method were used:

	<u>Authorized Funds</u>	<u>Recorded Sales</u>	<u>Recorded Funds Available</u>	<u>Allocated Sales</u>	<u>Allocated Funds Available</u>
Fiscal '57	\$ 50,000✓	\$ 2,342	\$ 47,658	\$ 5,553	\$ 42,105
Fiscal '58	200,000✓	27,143	172,857	41,698	131,159
Fiscal '59	70,000✓	104,768	(34,768)	(47,251)	12,483
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$320,000	\$134,253	\$185,747	- 0 -	\$185,747
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

You will note that ample funds remain in fiscal 1957 and 1958 to cover such an allocation. This also leaves \$12,483 of fiscal 1959 funds available to complete the work for which we estimate \$6,151 will be needed. 25X1A

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We have presented this plan to [] and [] and they have agreed unanimously that this is a reasonable method of allocation. In addition, we would like to point out that

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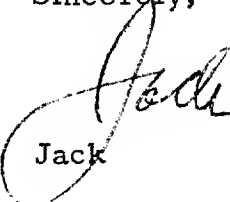
CMCC Doc. No. 151x5.1604

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Copy 1 of 2

this also makes use of fiscal 1957 and fiscal 1958 funds presently available, and avoids the inconvenience of trying to obtain additional fiscal 1959 funds. If this method of cost allocation appears to be reasonable to you, we would appreciate your notifying us so that we may bill accordingly.

Sincerely,



Jack

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DPD-0098-60
5 January 1960

Thompson Ramo Wooldridge Inc.
Los Angeles, California

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Attention:

Dear Bob:

Reference is made to our Contracts Nos. A-102, A-103 and HF-A-104.

A recent check of our records indicates that we have not received final claims on the above referenced contracts for the period listed below:

<u>Contract No.</u>	<u>Periods</u>
A-102	FY 1957, FY 1958 & FY 1959
A-103	FY 1957, FY 1958 & FY 1959
HF-A-104	FY 1958 & FY 1959

We would appreciate it if you would send us your final claims, by Customer, for the above listed periods so that funds may be adjusted accordingly.

Sincerely,

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DPD-DD/P (5-1-60)

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Distribution:

Orig - RW
cc - A-102, A&I (Contracts)
cc - A-103, A&I (Contracts)
cc - HF-A-104, A&I (Contracts)
cc - Finance (A-102)
cc - Finance (A-103)
cc - Finance (HF-A-104)
cc - Chrono

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MEMO ROUTING SLIP

CONCURRENCES, OR SIMILAR ACTIONS

1	NAME OR TITLE <i>Contracting Officer</i>	INITIALS	CIRCULATE
	ORGANIZATION AND LOCATION	DATE	COORDINATION
2			FILE
			INFORMATION
3			NECESSARY ACTION
			NOTE AND RETURN
4			SEE ME
			SIGNATURE

REMARKS
I have discussed the attached matter with our auditors on the site. They have reviewed the matter and consider the method of allocation proposed by the contractor to be reasonable. I concur.

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FROM NAME OR TITLE	DATE <i>3/24/60</i>
ORGANIZATION AND LOCATION	TELEPHONE